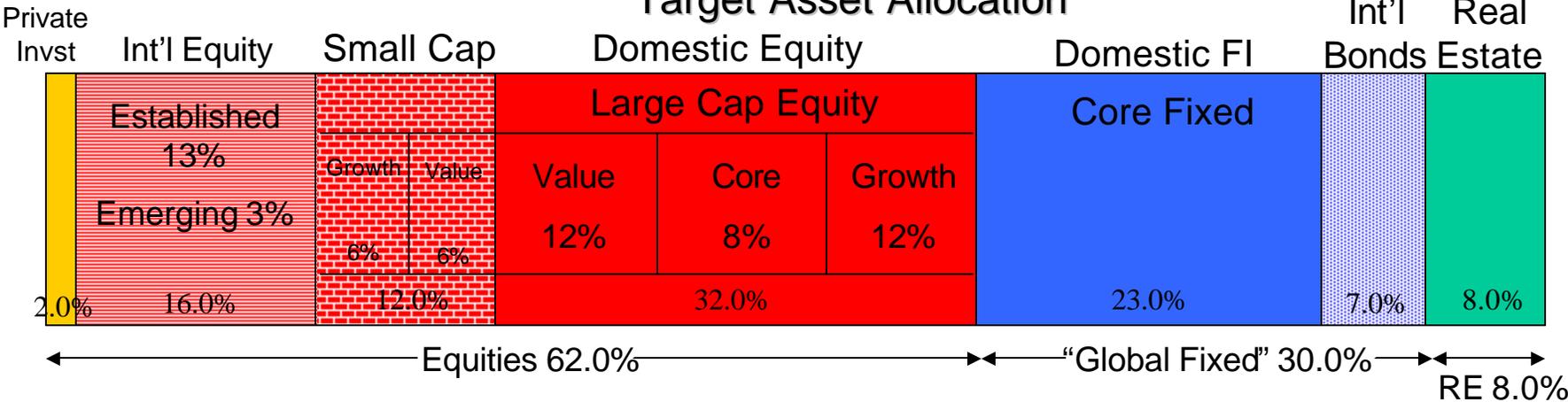


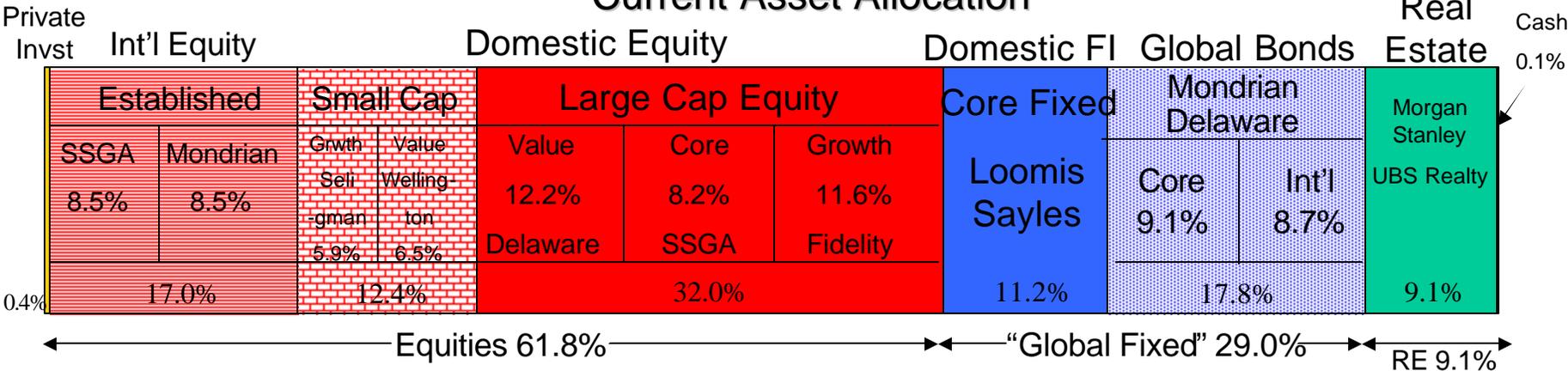
# Plan Asset Allocation

As of September 30, 2005

## Target Asset Allocation



## Current Asset Allocation



# Asset Breakdown

	Domestic Large Core	Domestic Large Value	Domestic Large Growth	Domestic Small Growth	Domestic Small Value	Core Fixed	Int'l Equity	Global Bonds	Real Estate	Private Investment	Cash	Total
<b>Composite</b>	\$111,995	\$165,767	\$158,598	\$80,445	\$86,264	\$149,432	\$232,318	\$240,928	\$123,643	\$5,998	\$7,649	\$1,363,037
<b>SSgA</b>	111,995	0	0	0	0	0	0	0	0	0	169	\$112,164
<b>Delaware</b>	0	165,767	0	0	0	0	0	0	0	0	149	\$165,916
<b>Fidelity</b>	0	0	158,598	0	0	0	0	0	0	0	191	\$158,789
<b>J&amp;W Seligman</b>	0	0	0	80,445	0	0	0	0	0	0	148	\$80,593
<b>Wellington</b>	0	0	0	0	86,264	0	0	0	0	0	1,780	\$88,044
<b>Loomis</b>	0	0	0	0	0	149,427	0	0	0	0	2,818	\$152,245
<b>Mondrian IE</b>	0	0	0	0	0	0	115,875	0	0	0	169	\$116,044
<b>Putnam</b>	0	0	0	0	0	0	0	0	0	0	11	\$11
<b>SSgA Daily EAFE</b>	0	0	0	0	0	0	116,443	0	0	0	0	\$116,443
<b>Mondrian GB</b>	0	0	0	0	0	0	0	240,928	0	0	1,247	\$242,175
<b>Morgan Stanley</b>	0	0	0	0	0	0	0	0	73,192	0	0	\$73,192
<b>UBS Realty</b>	0	0	0	0	0	0	0	0	50,451	0	0	\$50,451
<b>Pru &amp; VVC</b>	0	0	0	0	0	0	0	0	0	5,998	0	\$5,998
<b>Vermont Investment</b>	0	0	0	0	0	5	0	0	0	0	967	\$972
(Dollars in 000's)												

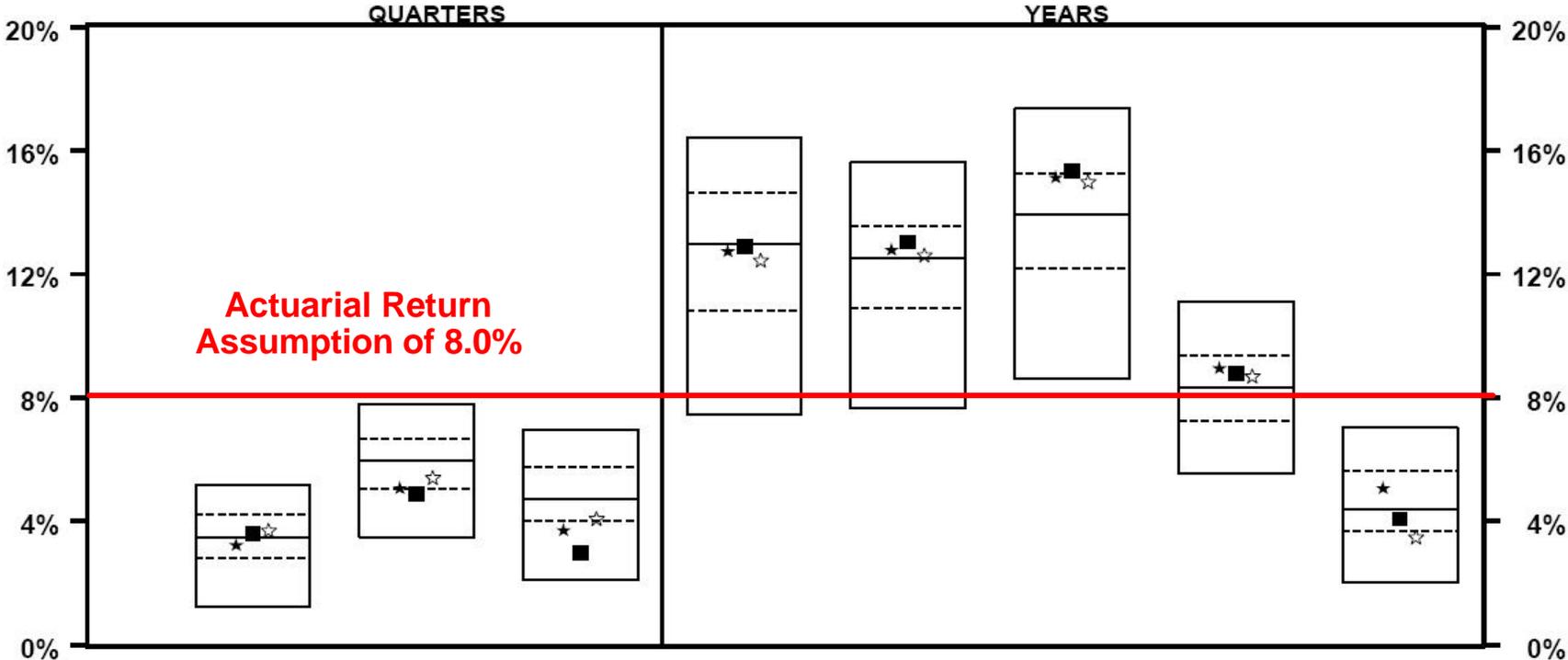
# Total Fund Asset Growth Summary

As of September 30, 2005

	<u>LAST QUARTER</u>	<u>YEAR TO DATE</u>	<u>LAST 12 MONTHS</u>	<u>SINCE INCEPTION 3/01</u>
BEGINNING MARKET VALUE	1, 325, 794	1, 336, 652	1, 234, 792	1, 106, 102
NET EXTERNAL GROWTH	- 5, 631	- 22, 123	- 27, 681	- 115, 093
RETURN ON INVESTMENT	42, 874	48, 508	155, 925	372, 028
INCOME RECEIVED	7, 612	22, 605	30, 886	122, 029
GAIN/LOSS	35, 261	25, 903	125, 039	249, 999
ENDING MARKET VALUES	1, 363, 037	1, 363, 037	1, 363, 037	1, 363, 037
Return	+3.2%	+3.7%	+12.7%	

# Total Public Funds – Total Rates of Return

As of September 30, 2005



**Actuarial Return Assumption of 8.0%**

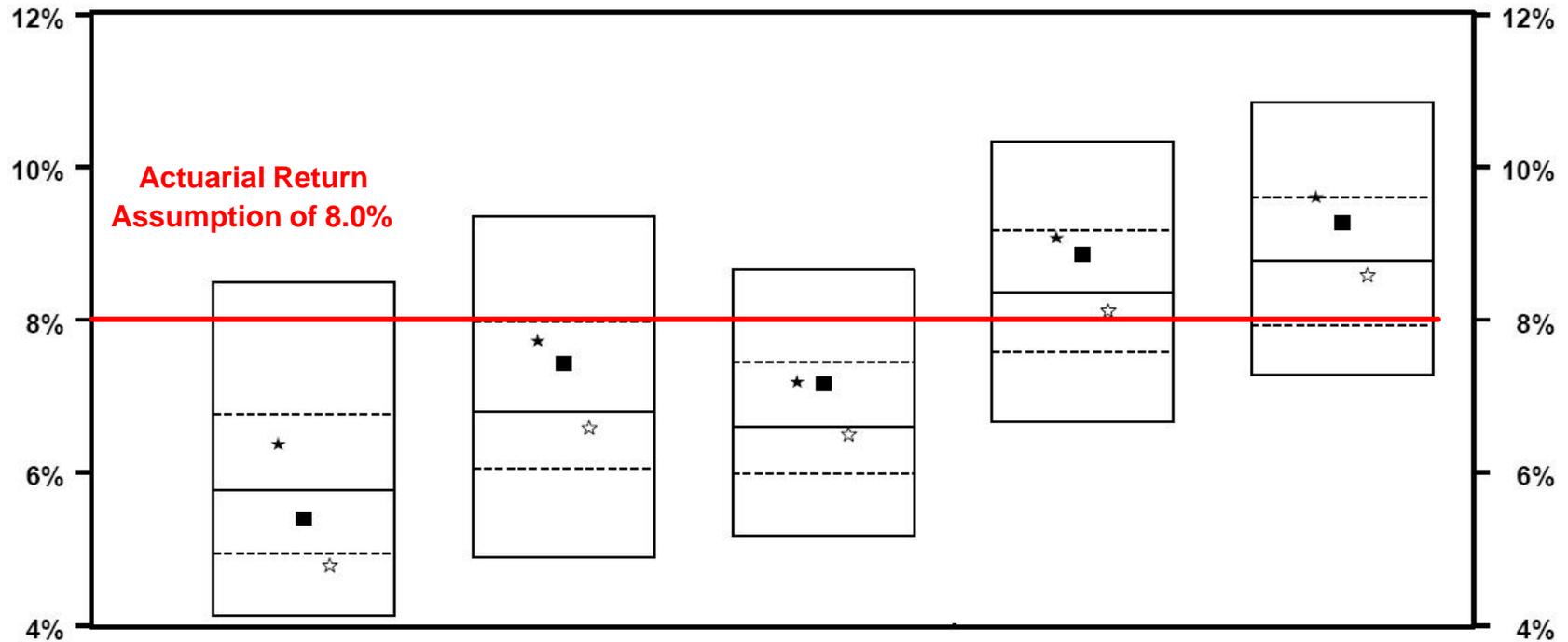
	LAST QTR		LAST 2 QTRS		LAST 3 QTRS		LAST YEAR		LAST 2 YEARS		LAST 3 YEARS		LAST 4 YEARS		LAST 5 YEARS	
★ TRS COMPOSITE	3.2	62	5.1	72	3.7	80	12.7	52	12.8	39	15.1	26	9.0	32	5.1	37
■ ALLOC INDEX	3.6	47	4.9	76	3.0	89	12.9	50	13.0	36	15.3	24	8.8	38	4.1	58
☆ POLICY INDEX	3.7	44	5.4	62	4.1	72	12.5	56	12.6	46	15.0	29	8.7	40	3.5	80
MEDIAN	3.5		5.9		4.7		13.0		12.5		13.9		8.3		4.4	
<b>MEDIAN &gt; \$500M</b>	<b>4.2</b>		<b>6.5</b>		<b>5.4</b>		<b>14.0</b>		<b>13.0</b>		<b>14.8</b>		<b>8.9</b>		<b>4.5</b>	

- *Policy Index*: Measures the effectiveness of *Plan Structure*. (Target asset class weights X Return of the respective passive benchmark)
- *Allocation Index*: Measures the effectiveness of *deviating from the target policy weights*. (Policy Index - Allocation Index) Allocation Index = weighted average return of the actual asset class weights and the return of the respective passive benchmark.
- *Composite*: Actual composite return = actual asset class weights times the actual manager return. Measures the *effectiveness of the managers*. (Actual composite return - Allocation Index)



# Total Public Funds – Total Rates of Return

As of September 30, 2005



	LAST 6 YEARS		LAST 7 YEARS		LAST 8 YEARS		LAST 9 YEARS		LAST 10 YEARS	
★ TRS COMPOSITE	6.4	35	7.7	30	7.2	32	9.1	26	9.6	25
■ ALLOC INDEX	5.4	63	7.4	35	7.2	32	8.9	32	9.3	34
☆ POLICY INDEX	4.8	79	6.6	61	6.5	51	8.1	54	8.6	56
<b>MEDIAN</b>	<b>5.8</b>		<b>6.8</b>		<b>6.6</b>		<b>8.4</b>		<b>8.8</b>	
<b>MEDIAN &gt; \$500M</b>	<b>5.8</b>		<b>7.2</b>		<b>6.5</b>		<b>8.4</b>		<b>8.7</b>	

- **Policy Index:** Measures the effectiveness of *Plan Structure*. (Target asset class weights X Return of the respective passive benchmark)
- **Allocation Index:** Measures the effectiveness of *deviating from the target policy weights*. (Policy Index - Allocation Index) Allocation Index = weighted average return of the actual asset class weights and the return of the respective passive benchmark.
- **Composite:** Actual composite return = actual asset class weights times the actual manager return. Measures the *effectiveness of the managers*. (Actual composite return - Allocation Index)



# Performance Detail (as of 9/30/05)

	3Q05	Public Rank	Large Rank	YTD	Public Rank	Large Rank	Last Year	Public Rank	Large Rank	Last 3 Years	Public Rank	Large Rank	Last 5 Years	Public Rank	Large Rank	Market Value	% of Total Portfolio	Annual Fee
Teachers Composite GROSS	3.2%	62	80	3.7%	80	89	12.7%	52	76	15.1%	26	49	5.1%	37	32	\$1,363,036,854	100.0%	0.39%
Teachers Composite (NET)	3.2%			3.7%			12.7%			15.1%			N/A					
Median Public Fund	3.5%			4.7%			13.0%			13.9%			4.4%					
Median Public Fund >\$500M	4.2%			5.4%			14.0%			14.8%			4.5%					
Median Large Fund	4.1%			5.5%			14.0%			15.1%			4.4%					
Allocation Index	3.6%			3.0%			12.9%			15.3%			4.1%					
Policy Index	3.7%			4.1%			12.5%			15.0%			3.5%					
<b>Large Cap Equity</b>																		
<b>Total Large Cap Equity</b>																\$436,869,042	32.1%	
Delaware	2.9%	77		2.9%	83		11.9%	82		17.2%	76		6.2%	57		\$165,916,175	12.2%	0.40%
Russell 1000 Value	3.9%			5.7%			16.7%			20.5%			5.8%					
Fidelity	3.3%	77		1.4%	77		10.0%	85		13.9%	67		(5.5%)	66		\$158,788,747	11.6%	0.46%
Russell 1000 Growth	4.0%			2.2%			11.6%			14.7%			(8.6%)					
SSGA	3.4%	82		2.6%	83		11.7%	87		16.5%	82		(1.7%)	86		\$112,164,120	8.2%	0.04%
S&P 500	3.6%			2.8%			12.3%			16.7%			(1.5%)					
<b>Small Cap Equity</b>																		
<b>Total Small Cap Equity</b>																\$168,636,830	12.5%	
J&W Seligman	3.0%	91		(2.8%)	100		11.7%	95		17.0%	94		(1.7%)	73		\$80,592,947	5.9%	0.50%
Russell 2000	4.7%			3.4%			18.0%			24.1%			6.4%					
Russell 2000 Growth	6.3%			2.5%			18.0%			23.2%			(2.5%)					
Wellington	4.2%	51		11.1%	7		25.6%	6		N/A			N/A			\$88,043,883	6.5%	0.79%
Russell 2000	4.7%			3.4%			18.0%			24.1%			6.4%					
Russell 2000 Value	3.1%			4.0%			17.7%			24.9%			15.2%					
<b>Int'l Equity</b>																		
<b>Total Int'l Equity</b>																\$232,498,168	17.1%	
Mondrian	9.3%	74		11.1%	41		27.3%	42		28.2%	17		11.9%	8		\$116,044,258	8.5%	0.41%
SSgA DAILY EAFE	10.3%	58		9.2%	66		25.9%	57		N/A			N/A			\$116,442,643	8.5%	0.10%
Putnam (Cash)	N/A			N/A			N/A			N/A			N/A			\$11,267	0.0%	0.60%
EAFE (After Taxes)	10.4%			9.1%			25.6%			24.6%			3.2%					
CITI EPAC	11.0%			10.2%			27.3%			25.1%			3.5%					

Note: Results for periods longer than one year are annualized  
There may be a slight or no dispersion between Gross-of-fee and Net-of-fee returns. This is due to management fee's being paid from an account not included in the plan.

Managers are ranked against respective style universe.



# Fixed Income Performance Detail (as of 9/30/05)

	3Q05	Public Rank	Large Rank	YTD	Public Rank	Large Rank	Last Year	Public Rank	Large Rank	Last 3 Years	Public Rank	Large Rank	Last 5 Years	Public Rank	Large Rank	Market Value	% of Total Portfolio	Annual Fee	
<b>Core Fixed</b>																			
<b>Total Core Fixed Income</b>																\$152,245,104	11.2%		
Loomis Sayles	(0.5%)	60		1.1%	94		2.3%	85		6.6%	5		6.5%	80		\$152,245,104	11.2%	0.16%	
Lehman Aggregate Bond	(0.7%)			1.8%			2.8%			4.0%			6.6%						
Lehman U.S. Credit	(1.0%)			1.5%			2.7%			5.8%			7.7%						
<b>Global Bonds</b>																			
<b>Total Global Bonds</b>																\$242,175,116	17.8%		
Mondrian	(0.9%)	72		(2.7%)	51		3.7%	74		8.2%	57		9.6%	38		\$242,175,116	17.8%	0.33%	
CITI WGBI	(1.1%)			(5.0%)			3.0%			8.0%			8.2%						
Delaware Custom Index*	(0.9%)			(1.7%)			3.0%			5.8%			7.4%						
<b>Real Estate</b>																			
<b>Total Real Estate</b>																\$123,643,127	9.1%		
Morgan Stanley	4.8%	25		11.6%	49		18.0%	51		14.6%	34		10.4%	48		\$73,192,253	5.4%	0.89%	
UBS Realty	3.7%	43		15.7%	25		20.5%	39		13.9%	39		10.8%	41		\$50,450,874	3.7%	0.90%	
NCREIF Property Index	3.5%			10.8%			15.0%			10.8%			9.2%						
<b>Private Investment</b>																			
<b>Total Private Investment</b>																\$5,997,742	0.4%		
Pru & VVC	5.1%			7.0%			2.7%			(2.4%)			(1.6%)			\$5,997,742	0.4%	0.25%	
<b>Cash</b>																			
Vermont Cash	0.9%			3.6%			4.5%			3.0%			2.9%			\$971,725	0.1%		
90 Day U.S. T-Bills	0.8%			2.1%			2.6%			1.7%			2.5%						

Note: Results for periods longer than one year are annualized  
There may be a slight or no dispersion between Gross-of-fee and Net-of-fee returns. This is due to management fee's being paid from an account not included in the plan.

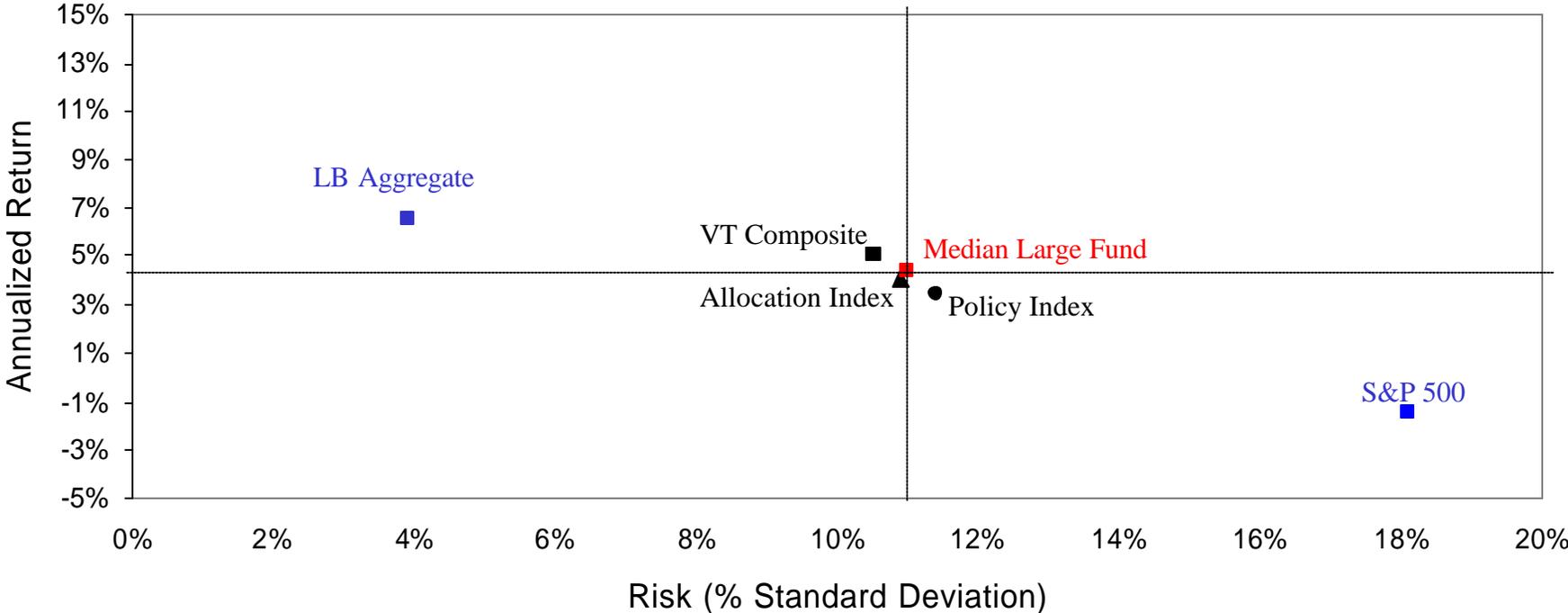
Managers are ranked against respective style universe.

\* 60% Lehman Aggregate / 40% CITI WGBI Ex U.S. In place since 07/2003. Prior to that, the split was 75% Lehman Aggregate / 25% CITI WGBI Ex U.S.



# Total Fund Risk / Return Analysis

Total Large Funds – Total Return vs. Risk - 5 Years Ending 9/30/05



	Annualized Return		Standard Deviation	
	<u>Value</u>	<u>Rank</u>	<u>Value</u>	<u>Rank</u>
<b>Composite</b>	5.1	32	10.5	66
<b>Allocation Index</b>	4.1	57	10.9	52
<b>Policy Index</b>	3.5	75	11.4	34
<b>S&amp;P 500</b>	-1.5		18.1	
<b>LB Aggregate</b>	6.6		3.9	
<b>Median Large Fund</b>	4.4		11.0	

